

Health Insurance Plans: Income Sensitivity, CalPERS/Washington State; Modeling using REMI

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Income Sensitivity: Middlebury College

- Talked with the Director of Human Services
- Middlebury has had income sensitivity for health insurance for about 15 years
 - Middlebury is self-insured
- Employee income determines eligibility
 - Not household income – tough to administer
- In aggregate, employees pay 20% of premium, employer 80%
 - Set dollar amount for each salary tier
 - <\$20,000
 - \$20k - \$40k
 - \$40k - \$60k
 - Etc.

Middlebury, continued

- More details
 - No change in salary amounts over time
 - If premiums rise annually X%, the dollar contribution by each tier rises by X%
 - No difference across tiers in deductibles or other OOP costs
- Rethink system when added Monterey Institute for International Studies a few years ago
 - Salary level determines percentage of premium paid
 - No one pays more than 40% of premium
 - In aggregate, employees still pay 20% of premium cost
 - Varies by tier:

Single	2.29%
2-person	4.58%
Family	6.41%

(or 2.8 times single; perhaps should be 3.0)

Income Sensitivity: UVM The College

2018 Schedule of Monthly Costs for Medical Insurance

Non-Represented BCBSVT - VHP Open Access Plan

Base Salary	Band	Employee Cost	UVM Cost	Employee's Monthly Cost			
				Employee	Employee plus Spouse	Employee plus Children	Employee plus Family
less than \$22,880	A	3.00%	97.00%	\$22.06	\$44.13	\$45.86	\$63.65
\$22,881 to \$24,000	B	4.00%	96.00%	\$29.42	\$58.84	\$61.15	\$84.87
\$24,001 to \$25,000	C	6.00%	94.00%	\$44.13	\$88.25	\$91.72	\$127.31
\$25,001 to \$32,000	D	8.00%	92.00%	\$58.84	\$117.67	\$122.29	\$169.74
\$32,001 to \$40,000	E	12.00%	88.00%	\$88.25	\$176.51	\$183.44	\$254.61
\$40,001 to \$50,000	F	14.40%	85.60%	\$105.90	\$211.81	\$220.13	\$305.54
\$50,001 to \$60,000	G	16.80%	83.20%	\$123.56	\$247.11	\$256.81	\$356.46
\$60,001 to \$70,000	H	19.20%	80.80%	\$141.21	\$282.41	\$293.50	\$407.38
\$70,001 to \$80,000	I	21.60%	78.40%	\$158.86	\$317.71	\$330.19	\$458.30
\$80,001 to \$90,000	J	24.00%	76.00%	\$176.51	\$353.01	\$366.88	\$509.23
\$90,001 to \$100,000	K	26.40%	73.60%	\$194.16	\$388.31	\$403.56	\$560.15
\$100,001 - \$110,000	L	28.80%	71.20%	\$211.81	\$423.62	\$440.25	\$611.07
\$110,001 - \$120,000	M	31.20%	68.80%	\$229.46	\$458.92	\$476.94	\$661.99
\$120,001 - \$130,000	N	32.40%	67.60%	\$238.29	\$476.57	\$495.28	\$687.46
\$130,001 - \$140,000	O	33.60%	66.40%	\$247.11	\$494.22	\$513.63	\$712.92
\$140,001 - \$150,000	P	34.80%	65.20%	\$255.94	\$511.87	\$531.97	\$738.38
>\$150,001	Q	36.00%	64.00%	\$264.76	\$529.52	\$550.31	\$763.84
Employer + Employee monthly premium:				\$735.45	\$1,470.89	\$1,528.65	\$2,121.78

UVM The College, continued

- Salary sensitivity in place for > 20 years
 - Applies to all benefits: disability insurance, life insurance
 - Based on employee salary only, not household income
- UVM's consultant advisor is Hickok & Boardman
 - Talked with their Senior VP for Employee Benefits
 - 5% of their clients use salary sensitivity
 - Higher education clients typically use traditional insurance plans, often with salary sensitivity
 - Often neutral with respect to employer cost, but helps with recruiting and retention
 - One client uses years of service to determine % paid
 - As years of service increase, employee percentage rises

Chittenden East SU Health Insurance for Educational Support Personnel

- Master Agreement for 2017-2019
 - https://docs.google.com/document/d/1mezXXT4xRt_4pktRrSznolDEAR4cbI3WyuAmb3yHLWE/edit
- Educational support personnel may include
 - Para-educator, secretary, custodian, bus driver, mechanic
- Effective January 1, 2018
 - The employee contributes the following amounts to health insurance for the Gold CDHP Plan for single, two-person, parent/child(ren) or family coverage based on the annual salary level of the employee:

\$15,000 - \$20,000	\$20,001 - \$25,000	\$25,001+
12%	13%	14%

Chittenden East, continued

- Teachers' Master Agreement
 - Starting July 1, 2018, employee pays 20% of premium for the Gold CDHP plan
 - For any other plan choice, employer pays the same dollar amount, equal to 80% of the Gold CDHP premium
 - https://docs.google.com/document/d/1efunn7EqYPgomLWEk0-gA29Kjv0hC-4mIB_PF9DRbjk/edit
- For both support staff and teachers
 - Health Reimbursement Account with no rollover
 - But 90-day run out for expenses from one year to the next year
 - Employee pays first \$400/\$800/\$800/\$800

Statewide Health Insurance

Benefits: CalPERS

- California Public Employees' Retirement System
- Manages pension and health benefits for more than 1.6 million California public employees, retirees, and their families
- CalPERS provides benefits to all state government employees and, by contract, to local agency and school employees
- CalPERS administers the following categories of benefits to members:
 - Retirement benefits under defined benefit plans
 - Deferred compensation and other supplemental income plans
 - Disability retirement benefits
 - Death benefits
 - Health benefits
 - Long-term care benefits

CalPERS, continued

- The State Employees Retirement System offered health insurance for state employees beginning in 1962
- Now CalPERS is the nation's second largest public purchaser of health benefits, behind the Federal Employees Health Benefit Plan
 - 61% of enrollees are state employees and 39% are local government and school employees
 - 74% are working and 26% are retired
- CalPERS offers 12 health plans

CalPERS, continued

- Depending on where you reside or work, CalPERS offers active employees and retirees one or more types of health plans, which may include:
 - Health Maintenance Organization (HMO)
 - Preferred Provider Organization (PPO)
 - Exclusive Provider Organization (EPO) (for members in certain California counties)
- For both active workers and retirees, the employer or former employer makes monthly contributions toward health premiums. The amount of this contribution varies.
 - The employee's cost may depend on the employer's or former employer's contribution to the premium, the length of employment, and the health plan chosen

Other Northern California Region, 2018 Monthly Premiums

Actives and Annuitants									
Effective Date: 1/1/2018 - 12/31/2018									
Basic Monthly Rate (B)									
PLAN	Employee Only	Plan Code	Party Rate	Employee & 1 Dependent	Plan Code	Party Rate	Employee & 2+ Dependents	Plan Code	Party Rate
Anthem EPO Del Norte	\$813.96	174 1	1	\$1,627.92	174 2	2	\$2,116.30	174 3	3
Anthem HMO Select	910.90	470 1	1	1,821.80	470 2	2	2,368.34	470 3	3
Anthem HMO Traditional	954.75	466 1	1	1,909.50	466 2	2	2,482.35	466 3	3
BSC Access+	894.43	303 1	1	1,788.86	303 2	2	2,325.52	303 3	3
BSC EPO	894.43	482 1	1	1,788.86	482 2	2	2,325.52	482 3	3
Kaiser Permanente	795.43	307 1	1	1,590.86	307 2	2	2,068.12	307 3	3
PERS Choice	813.96	322 1	1	1,627.92	322 2	2	2,116.30	322 3	3
PERS Select	691.78	053 1	1	1,383.56	053 2	2	1,798.63	053 3	3
PERSCare	866.93	327 1	1	1,733.86	327 2	2	2,254.02	327 3	3
PORAC	734.00	207 1	1	1,540.00	207 2	2	1,970.00	207 3	3
UnitedHealthcare	1,205.55	430 1	1	2,411.10	430 2	2	3,134.43	430 3	3
Western Health Advantage	744.79	177 1	1	1,489.58	177 2	2	1,936.45	177 3	3

Washington State

- At the end of June 2017, the Washington State Legislature passed EHB 2242.
 - This bill directs the Health Care Authority (HCA) to administer health care and other benefits (such as life insurance) for all Washington State school employees through the School Employees Benefits Board (SEBB) Program.
- Starting January 1, 2020, all school districts and educational service districts will be required to participate in the SEBB Program.
 - The SEBB Program will obtain health care and other benefits for eligible school employees statewide, and the benefits structure may change at that time.

WA SEB Board

- The School Employees Benefits Board (SEB Board) will design and approve insurance benefit plans for school employees, and establish eligibility criteria for participation in these plans.
 - The SEB Board is separate and independent from the Public Employees Benefits Board (PEB Board).
- The SEB Board will start meeting in October 2017 to discuss the SEBB benefits structure. Their meetings are open to the public.
- The legislation establishing the SEB Board directs the Board to leverage the PEBB Program's benefits for efficiency and cost effectiveness.
 - For a January 2020 implementation, it would be challenging for the HCA to procure for all the potential benefits at the same time.

WA: Composition of the Board

- The Governor appoints the Board members. By law, the Board members must include:
 - Two members are from associations representing certificated employees such as certified teachers or counselors
 - Two members from associations representing classified employees such as teacher aides or support staff
 - Four members with expertise in employee health benefits policy and administration, one of whom is nominated by an association representing school business officials
 - The director of the Health Care Authority or his or her designee; the director serves as the chair of the Board

REMI Modeling

- REMI = Regional Economic Models, Inc.
 - Founded in 1980 in Amherst, MA; also now in Washington, D.C.
 - Economic research and development forms the backbone
 - E.g., dynamic capital stock adjustment and endogenous labor force participation rates
- Most often used to model policy changes affecting
 - Energy, environment, economy
 - Tax and fiscal
 - Transportation
 - Economic development, forecasting
 - Labor and workforce